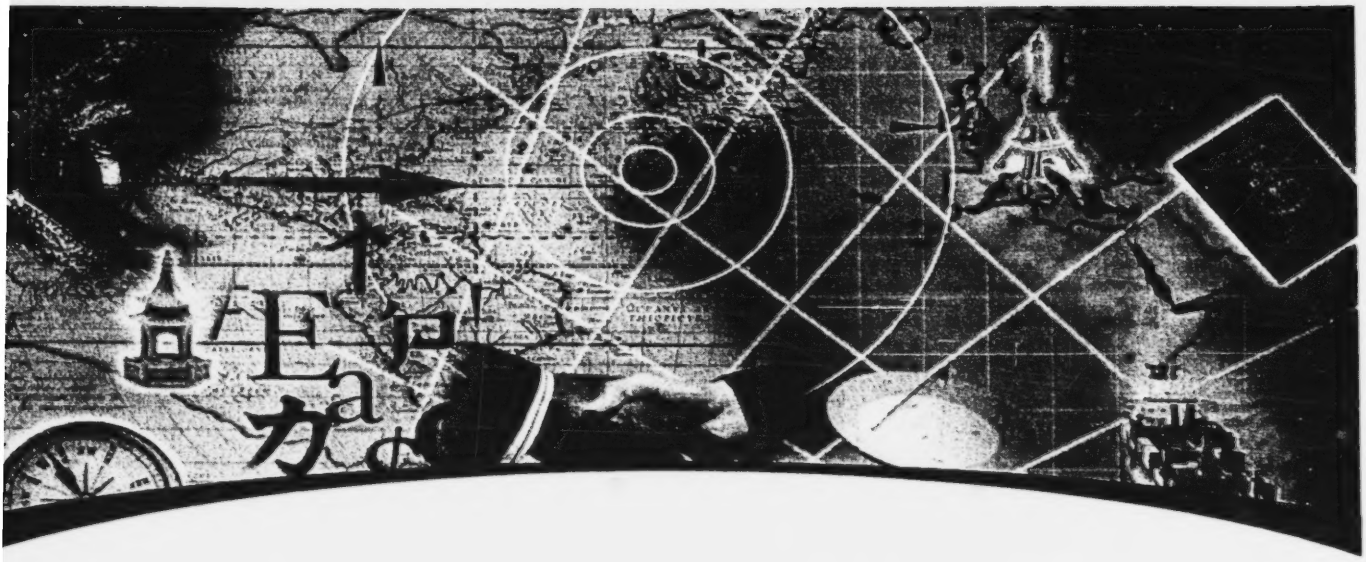

The Horticultural Products Market in China

September 2002

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Canada

The Horticultural Products Market in China

September 2002

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Le marché des produits horticoles en Chine)

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and the
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THE HORTICULTURAL PRODUCTS MARKET IN CHINA

Team Canada Inc • Équipe Canada inc

EXECUTIVE SUMMARY

As the world's most populous country, China represents an enormous market for horticultural products. China's growing population, its strong economy and its recent accession to the World Trade Organization (WTO) are among the factors that will create a number of changes for both the domestic farming industry and for foreign exporters seeking access to the Chinese market.

In recent years, China has switched from being a net importer of horticultural products to a large global exporter. China is now the world's leading producer of corn, potatoes, mushrooms and pears. Although the variety of fruits and vegetables produced is lagging behind demand, the selection is gradually being diversified. Nevertheless, the quality of produce is poor; imports are therefore required to meet high-quality demand.

The best prospects for Canadian horticulture products in the Chinese market include high-quality fruits and vegetables currently not grown in China. Imported varieties of frozen berries and vegetables, particularly french fries, are in great demand. Opportunities also exist for floriculture products including fresh flowers and plants, as well as bulbs and seeds.

Exporters should note that the Chinese market is comprised of several distinctive regional markets. Therefore, Canadian exporters should attempt to establish their product(s) within one of the more affluent port cities. The eastern coastal region of China, which includes the states of Shanghai and Beijing, represent the strongest consumer markets for imported goods. Only after a product is deemed to be successful in one city/region should exporters consider expanding the scope of their exports.

Canadian horticultural products will benefit from Chinese consumers' impression of Canada as a clean, natural and environmentally friendly country. However, Canadian exporters will face stiff competition from foreign suppliers, and will likely need to invest time and money educating Chinese consumers about the benefits of Canadian goods.

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THE HORTICULTURAL PRODUCTS MARKET IN CHINA

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MARKET OVERVIEW

China's economy has more than quadrupled in size since economic reforms and market liberalization began in 1978. It is the world's sixth-largest economy, boasting a gross domestic product of $1.5 trillion[1] in 2000. With a population of 1.3 billion people, it has the potential to become the world's largest consumer market.

China imported nearly $831 million worth of Canadian agri-food products in 2001; a significant increase from 2000 sales, which totalled $639.8 million. Grains, oilseeds, meat products and vegetables were among the top Canadian exports.

China's role in the global horticulture market has changed in recent years. With growing disposable incomes, sales of imported floriculture products (plants and flowers) and produce (fruits and vegetables) are steadily increasing, along with local production of these products.

Fruits and Vegetables

Although China is currently dependent on agricultural imports to fulfil many of its needs, the country has switched from being a net importer of fresh produce to a large global exporter. The main reason for this is that farmers have begun to plant labour-intensive products such as fruits and vegetables instead of the low-quality grains that had been produced for many years due to government incentives and price controls. China's Ministry of Agriculture[2] has also been encouraging the development of the fruit and vegetable sectors by establishing demonstration farms in major production areas to introduce new varieties of produce and the methods for growing them.

In addition, there are a growing number of greenhouses in China planting foreign varieties of fruits and vegetables. Greenhouses not only save the costs of importing produce but they allow farmers to grow crops all year round regardless of climate conditions. The area used by greenhouses throughout China totals 350 000 hectares.

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[1] All monetary amounts are expressed in Canadian dollars, unless otherwise indicated. The conversion rate to Canadian dollars is based on IDD Information Services, *Tradeline*, March 2002.

[2] For contact information regarding key organizations mentioned in this report, see **Key Contacts and Support Services**.

Despite these efforts, problems such as soil degradation, erosion, salinization, pollution, and the loss of arable land to landfills and other commercial and industrial land space are all significant factors that need to be addressed. For example, it is estimated that solid waste landfills now cover nearly 133 hectares of land. Pollution is estimated to have damaged another five million hectares, while pesticides have polluted approximately nine million hectares. Moreover, it is estimated that more than 7% of China's farmland is irrigated by contaminated water.

Fruit

China is the world's largest consumer and producer of fruit. Per-capita consumption of fruit is 50 kilograms (kg) annually. Fruit is consumed with most meals, and both dry and fresh fruits are popular snacks.

In 2000, China grew 62.3 million tonnes of fruit, of which 1.35 million tonnes were exported. Premium quality fruit, however, accounts for only 30% of total Chinese fruit production. Although the distribution has improved in recent years, domestic fruit is still hindered by limited use of proper packaging techniques and poor storage facilities. Fruit is handled by people instead of machines and air quality in storage facilities is often poor. These conditions result in an average annual wastage rate of 20-25%.

As a result of improved living standards and increased health consciousness, Chinese consumers are becoming more demanding when it comes to purchasing fruits. Fruits not only need to be of good quality and taste, they also need to be attractively packaged and promoted. Advertisements and in-store promotions are used to introduce and persuade local consumers to taste and purchase these products.

In large coastal cities, imported fruit has gained a large share of the market over the past few years. In 2001, imports of grapes, the most popular variety of imported fruit in China, totalled 52 400 tonnes, while apple imports reached 52 400 tonnes. Imports of pears did not change from 2000.

Approximately 1% of Chinese fruit is processed and packaged in China. However, due to the use of poor raw materials and medium to low quality machinery, the appearance, quality and packaging of Chinese processed fruit cannot compete with foreign products. Processed fruit from China also contains many chemical residues. As a result, foreign processed fruit products are in great demand in China.

Apples

The most widely consumed fruit in China is apples. The Fuji is the most popular variety grown in China and accounts for 50-60% of the country's apple production. Other varieties include Chalajin, Guoguan, Gala, Qinguan, Jinguan and New Red Star, which

is similar to Red Delicious. Most apple harvesting takes place in October. Approximately 2.23 million hectares are devoted to apple production.

Domestic food industry sources report that 5-10% of China's apple crop is processed. Apple juice concentrate is the main processed apple product.

Apple production in China is expected to decrease by 2% to 20.05 million tonnes in 2002 due to decreased acreage and poor weather conditions in eastern China.

Pears

China is the world's largest pear producer. Pear production is forecast to reach 9 million tonnes in 2002 as a result of expanding production in the south. A small percentage (5%) of pears are canned or turned into juice concentrate.

Pears are typically harvested in July in southern China and in October in northern China. The north is the main production area for pears however production in the south is expanding. Ya pears, accounting for 30% of production, are the most popular variety. They are grown in the Shandong and Hebei provinces and the Tianjin/Beijing city districts. Other popular varieties include Sum, Xuehua and Pingguo.

Grapes

China's grape harvest takes place between August and October, however with the number of greenhouse-grown grapes increasing, harvest time will soon take place during any time of the year.

There are 12 varieties of grapes grown in China—the most popular of which is Jufeng. The leading grape growing region is Xinjiang, which devotes 70% of its production to seedless varieties. Xinjiang is also the main area for raisin production in China. It is estimated that 80% of white seedless grapes grown in Xinjiang are used annually in raisin production.

Grape production is expected to increase by 16% to 3.8 million tonnes in 2002 due to increasing demands for raw materials from the growing domestic wine industry. Despite this increase, poor distribution and the lack of storage facilities necessitates grape imports by the wine industry, at least in the short term. Imports of table grapes are, however, decreasing.

Citrus

China's citrus production comprises tangerines (67% of production) and oranges (33%). Only 5-10% of local citrus production is processed. Most of this total is canned mandarin oranges. Orange juice is generally not processed from local fruit but from

Brazilian raw juice imports. Orange juice, as well as citrus fruit other than tangerines and oranges, will continue to be a top import item for at least the next five years.

Vegetables

With approximately 14.67 million hectares devoted to vegetable growing, China is the world's largest vegetable producer. China grows only a few varieties of vegetables on a large scale, such as potatoes, corn, mushrooms and onions. Other vegetable varieties grown in China include carrots, peppers, garlic, eggplant, broccoli, cabbage, cucumbers, tomatoes and melons.

Corn production in China has increased by 50% in the past 10 years and the country is now the world's second-largest producer behind the United States. Approximately 75% of the annual yield is used for animal feed; the remaining 25% is used for industry and food. As a way of making the market more accessible to foreign trade, local government subsidies and protection prices for corn production have been reduced since China's access to the WTO. As a result, China is expected to become a large importer of corn in the coming years.

With 63 million tonnes grown in 2001, China is now the world's largest producer of potatoes. Approximately 40% of potatoes grown in China is fed to livestock. The most significant change to China's potato industry in recent years has been the growth in consumption of potato-based food such as potato chips and french fries along with a decline in fresh potato use. This appears to be a function of the Chinese having higher disposable incomes and a more hectic lifestyle where people eat away from home more often. Continued growth is expected in the imported french fry market.

Despite growing domestic production of vegetables, imports are required to meet the demands of the large consumer market. Annual per-capita consumption of vegetables in China is 530 kg, which surpasses the world average of 50 kg. China is a net importer of carrots, turnips, dried vegetable (peas, onions), frozen vegetable mixes and potato products. Demand for high-quality produce including cauliflower, Brussels sprouts and lettuce has been growing significantly in recent years as a result of the growing tourist/hotel trade.

Organic Produce

While the world market for organic food (also called "green food") is growing by 20% annually, the demand for organic food and beverages in China is estimated to be increasing at twice that rate. Although China has only shown a strong interest in organic foods in recent years, and is therefore starting from a much lower production/consumption level than many countries, this market will present favourable opportunities for foreign exporters in the future. Currently, foreign organic foods are

priced prohibitively high.

The Chinese government is actively encouraging the development of organic farming, which can be especially profitable for farmers due to the high prices associated with these products. Moreover, production of organic foods is labour intensive, which suits China's large farming population better than those in many developed countries.

Industry experts predict that organic food consumption will account for 1% of total food consumption within 5-10 years.

Floriculture

Floriculture includes cut flowers, cut cultivated greens, potted flowering plants, potted foliage, and bedding and garden plants. Floriculture crops are predominantly grown under protective cover such as plastic or glass greenhouses.

Chinese imports of flowers and plants have been significant in recent years. Imports of bulbs totalled $13.2 million in 2001, up from $10.6 million in 2000. Fresh cut flowers imports dropped in 2001 to $1.6 million from $2.1 million in 2000. Chinese demand for imported plants is strong as well. Last year imports of foliage totalled $536 464 and live plants accounted for $18.7 million in imports.

China's flower market is the one of the fastest-growing sectors in China. It is expected to reach sales of $67 billion by 2005.

Table 1. Forecast of Fresh Flowers Sales in China, 2002-2005

Year	Total Value of Imports	Percentage of Annual Growth
2002	$26 billion	73.8%
2003	$36 billion	38.9%
2004	$49 billion	36.7%
2005	$67 billion	35.0%

Source: *China Contact*. "Fresh Flowers in China: A Market Analysis," 2001.

The booming market for flowers and plants reflects China's healthy economy and growth of personal income that allows consumers to indulge in the purchase non-essential items. Gardening is becoming a hobby for many wealthy urbanites, which has led to increased sales of bulbs, seeds and foliage. The corporate sector is also becoming a major consumer of fresh flowers for office reception areas, restaurants and hotel lobbies.

The growth in fresh flower sales coincides with recent logistical improvements throughout the country, which makes the transportation and distribution of flowers much easier.

Table 2. Fresh Flower Sales by Type in China, 2000

Flower	Percentage of Sales
Carnations	40%
Roses	30%
Gladiolus, Lilies, Chrysanthemums	20%
Other	10%
Total	**100%**

22Source: *China Contact*. "Fresh Flowers in China: A Market Analysis," 2001.

Key Factors Shaping Market Growth

Rising average annual incomes, increased exposure to international food products and a greater array of goods in the supermarket contribute to increased sales of foreign produce in China. Chinese consumers are becoming more conscious of quality and are increasingly more willing to pay top prices for high-quality, healthy and organic food products.

Packaged food, particularly unique imported foods and fresh produce, are popular gift items. Chinese consumers have shown a preference for foods with both Chinese and a foreign language on the label. The Chinese characters enable consumers to understand the contents of the package while the appearance of a foreign language is often perceived as a symbol of high quality. Also, many consumers believe that there is a relation between the quality of a product's packaging, and the quality of the product itself. Therefore, attractive packaging can have a significant impact on the volume of sales.

Although China's entry into the WTO will alleviate some of the problems that have plagued exporters in the past, some trading constraints remain.

- *New genetically modified organism (GMO) regulations*: The June 2001 Chinese GMO regulations have had a significant impact on Canada's trade in GMO products. On January 7, 2002, detailed implementing regulations for GMO products were released by the Ministry of Agriculture. While the effect of the regulations on trade has not yet been assessed, it is clear that the procedures are complex and could provide serious challenges to trade in GMO products.

- *Market access issues and internal policy*: China provides a number of market access challenges in the areas of customs valuation, certificates and licences, taxes and regulatory barriers. As a member of the WTO, China should deliver a higher level of transparency in its regulatory and other practices. It must be noted, however, that it is anticipated that protectionist tendencies in the agricultural sector will be a constant irritant.

- *Enormous market size and complexity, cultural and regional diversity*: China does not represent one homogeneous market but is similar to the U.S. and European Union (EU) markets. China is best described as a number of large, distinct regional markets, each with its own characteristics.

- *Strong competition*: Markets are characterized by high market entry costs and low trading margins. Canada also faces stiff competition from the U.S., Australia, New Zealand and the EU, which are particularly well-established in some areas following years of investment by companies, industry associations and governments. The success of several Canadian International Development Agency (CIDA) projects has raised the profile of Canada as a quality supplier of certain agricultural products.

- *Distribution and storage systems*: In several mainland China provinces, the distribution system is at an early stage of development, especially for frozen and fast-food products. Cold storage remains a challenge in Beijing and, to a lesser extent, in Shanghai. Guangzhou, however, has a relatively good distribution system with expressways and distribution centres. Due to its close proximity to Hong Kong, Guangzhou serves as a major wholesale service point.

- *Lack of refrigeration*: Exporters of chilled or frozen products should note that growth of the Chinese market is somewhat hindered by a shortage of appliances such as refrigerators. While most households in such major centres as Beijing and Shanghai have refrigerators, only 10% of rural households do. In smaller urban centres, between 40% and 80% of households have refrigerators.

Opportunities

The Chinese market offers numerous opportunities to Canadian agri-food exporters.

High-quality vegetables, not grown in China, will be in great demand in the coming years. Fresh vegetables with the highest market potential include baby carrots, sweet corn, broccoli and varieties of lettuce. Opportunities for dried vegetables, including peas, onions and mushrooms, are also available.

Demand for frozen vegetables including green peas, corn, Brussels spouts and vegetable mixes are also expected to grow in the coming years. Given the rapid

expansion of China's fast-food industry, there are significant market opportunities for exports of french fries. Opportunities will also arise as a result of the growing demand for high-quality produce by the hotel and restaurant trade.

A number of fruits grown in Canada, including wild blueberries, cranberries, strawberries, raspberries, blackberries and grapes (for wine production), have great potential in the Chinese market. Canadian peaches, currants and gooseberries also offer potential export prospects. Chinese distributors state that February to June is their best sales period for imported fruits since domestic products are low.

Chinese consumers have a long tradition of eating unprocessed foods such as grains, fruits and vegetables. As a result, processed foods are not nearly as prevalent in the Chinese diet as they are elsewhere in the world. Presently, only 20% of China's farm products are processed, compared to as much as 90% in other countries. Not surprisingly, processed foods account for less than 30% of the food consumed in China compared to 80% in North America. This trend is changing however and there is an increasing demand for high-value, consumer-ready food products. China is becoming a major market for processed baby food made from fruits and vegetables. Heinz is currently the leading supplier of baby food in the Chinese market.

Frozen produce is a growing segment of China's agri-food market. Although frozen food sales account for 1% of total food sales in the country, this is still a significant share. With the number of consumers purchasing freezer units increasing, the frozen fruit and vegetable market is poised for considerable growth.

China's canned food market is also forecast to experience growth of between 6% and 10% annually through 2005. Of all food products, fruits and vegetables are anticipated to experience the strongest growth during this period.

China's demands for overall agricultural and food processing technology is expected to jump considerably in the coming years. In the past few years, Chinese government officials and representatives from large fruit companies have organized business delegations to visit developed fruit production countries to learn from foreign farmers. They are impressed by the large-scale production processes and have started to set up joint ventures to bring these processes to China. Potential opportunities might be available for Canadian fruit producers to set up joint ventures or partnerships with Chinese fruit producers to develop their market in China.

The organic fruit and vegetable market is expected to experience tremendous growth over the next five years. Canadian exporters can benefit from Chinese consumers' impression of Canada as a clean, natural and environmentally friendly country. With strong growth projections for China's emerging middle class, there will be increased opportunities for imported organic produce as disposable incomes rise.

As for the floriculture sector, the market for imported fresh flowers, bulbs, seeds, live plants and foliage is poised for growth in the coming years and offers significant opportunities to exporters. Imported flowers accounted for 80% of the total sales volume in 2001, including flowers cultivated in China using imported seeds, and are expected to be the main area of growth in the coming years.

COMPETITIVE ENVIRONMENT

Local Capabilities

China's local horticulture market benefits from an inexpensive labour force and a diverse climate that permits year-round production of crops.

Although China offers only a few varieties of vegetables in large volume for the export market, it has become a threat to global vegetable exporters. China exported 3.14 million tonnes of vegetables in 2000 to markets including Singapore, Hong Kong, Japan, Taiwan and South Korea.

China is the world's leading fruit producer with twice the output of the U.S., its closest competitor. Fujia is the main variety of apple exports. Exports of apple juice concentrate was also high in 2001, increasing from 153 415 tonnes in 2000 to 177 147 tonnes. Most high quality products are generally shipped to Southeast Asian countries while lower quality fruits are sent to less discerning consumers in Russia.

The largest flower producing province in China is Yunnan, which accounts for approximately 40% of the country's production. Other major centres include Fujian and Guangdong for tropical and house plants, and Shanghai, Lianing and Zhejiang for nursery production.

Table 3. Production Share of Flowers in China by Province, 2000

Province	Share of Production
Yunnan	40%
Guangdong	24%
Fujian	12%
Zhejiang	6%
Shanghai	3%
Liaoning	2%
Other provinces	13%
Total	**100%**

Source: *China Contact*, "Fresh Flowers in China: A Market Analysis," 2001.

Increased domestic production has increased over the past five years, replacing the demand for some imports.

China's production area for flowers and plants in 1999 was 120 000 hectares. Despite this large production base, China's floriculture market is hindered by high pollution levels and poor soil conditions.

International Competition

Competition for Canadian horticulture exports varies significantly depending on the product.

The U.S. is the largest supplier of vegetables to China. Other leading foreign competitors in the market include Vietnam, Thailand, New Zealand, Hungary, Taiwan and the U.K. The U.S. is China's leading supplier of french fries, and has an exclusive contract with KFC to supply frozen french fries to all of their Chinese outlets.

Canada's main foreign competitors in China's fresh fruit market include the U.S. (citrus, apples, grapes), New Zealand (kiwi fruit), Chile (grapes, apples, plums and bananas), Thailand (papaya, coconuts, lychees and mangoes), the Philippines (mangoes and bananas), South Africa (grapefruit and grapes) and Australia (oranges and pineapples). Approximately half of China's fruit imports in 2001 came from the U.S., followed by Chile and New Zealand.

Asian countries have significant advantages over all foreign exports. They have lower production costs in terms of labour and lower transportation costs and their closer proximity expedites transport of perishable goods.

China has set up exclusive trade deals with several foreign companies.

- U.S.-based Ocean Spray signed an agreement in March 2001 to ship cranberry juice to China.
- Pinguin, a Belgian frozen vegetable processor, and Lutosa, a Belgian frozen potato processor, established a joint sales force in China in July 2001.
- In October 2001, Vietnam's Vegetexco, a large exporter of fresh fruits and vegetables, set up a joint venture with Chinese partners to provide unprocessed products to China for processing and sales. Several refrigerated warehouses are planned for construction along the Vietnam-China border to further the success of fresh produce trade between the two countries.
- U.S.-based JR Simplot Company plans to expand french fry production in China. The company currently purchased potatoes from 5000 Chinese farms and plans

to expand their reach to increase their production of french fries to supply the Chinese fast food market. Simplot is the leading supplier of french fries to KFC and McDonald's restaurant outlets in China.

With close to $19 million in exports in 2001, the Netherlands is China's top supplier of fresh cut flowers, bulbs, plant cuttings and live plants. Other leading competitors in this market include Taiwan, which supplies bulbs, live plants and foliage; South Korea for live plants; the U.S., which exports bulbs, live plants, shrubs and bushes, and foliage; and Japan, which is a key exporter of fresh-cut flowers and bulbs. Thailand is the leading foreign supplier of fresh-cut flowers.

Canadian Position

Canadian companies have found success in numerous areas of China's horticultural market. With exports of $55.9 million in 2001, Canada is the top foreign supplier of dried vegetables to the Chinese market. Dried peas are the leading export in this category accounting for $39.2 million in exports in 2001. Exports of dried onions and mushrooms are also significant. Canada is also a leading supplier of frozen vegetables to the Chinese market.

With exports totalling $136 000 in 2001, Canadian fruit has only found marginal success in the Chinese market. Strawberries, currants and apples are the leading exports.

Canadian exporters are making tremendous strides in the exports of flowers and plants. In 1999, exports of foliage and live plants from Canada were nil but grew to $96 000 and $167 000 respectively in 2001. Continued growth is expected for floriculture imports in the coming years.

Canada is well positioned to export many of the horticultural products that are in demand in China. After years of negotiations and scientific exchanges, Canada was finally given access to the Chinese market for seed potatoes in March 2000; marking the first time that China had granted access to any country for this product. Canadian potatoes are now growing in Northeast China under the supervision of Chinese regulatory authorities. If the commercial-sized trial goes well, it is expected that Chinese potato producers will place large orders for table and processing varieties from Canada.

In 2001, Quebec-based Hydronov Inc. established up a hydroponic vegetable joint-venture farm with Shanghai Evergreen Vegetable Co. Ltd. in FengXian. Using state-of-the-art technology, high-quality vegetables are produced every day without the use of herbicides or fungicides. The joint venture has, so far, led to the production of 300 tonnes of hydroponic Boston lettuce for export to Japan, as well bean sprouts and spinach for the local market.

Canadian horticultural products will benefit from Chinese consumers' impression of Canada as a clean, natural and environmentally friendly country. This is especially true for organic products. Canada is regarded as an ideal country for producing organic food because of its land base and its cold climate that reduces pest and disease. With strong growth projections for China's middle class, there will be increased opportunities for imported foods as disposable incomes rise. However, Canadian exporters will face stiff competition from foreign suppliers, and will likely need to invest time and money educating Chinese consumers about the benefits of Canadian goods.

Competitive Advantage Through Canadian Government Policies and Initiatives

Canadian Commercial Corporation

The Canadian Commercial Corporation (CCC) gives Canadian companies access to financing and better payment terms under the Progress Payment Program (PPP). The PPP concept was developed as a partnership between major Canadian financial institutions and the CCC. It enables the exporter's bank to open a project line of credit for the exporter's benefit, based on CCC approval of the project and the exporter's ability to perform. The CCC will also act as a prime contractor on behalf of Canadian small and medium-sized enterprises, giving those businesses increased credibility and competitive advantage.

Export Development Canada

Export Development Canada (EDC) offers export financing and insurance to Canadian exporters. Additionally, insurance can be provided for larger transactions that are subject to the terms and conditions established by the buyer. EDC prefers to work through letters of credit, bank credits or bank guarantees. Approval for financing is considered on a case-by-case basis.

Program for Export Market Development

The Program for Export Market Development (PEMD) helps Canadian companies enter new markets by sharing the costs of activities that companies normally could not or would not undertake alone, thereby reducing risks involved in entering a foreign market. Eligible costs and activities include market visits, trade fairs, incoming buyers, product testing for market certification, legal fees for international marketing agreements, transportation costs of offshore company trainees, product demonstration costs, promotional materials, and other costs necessary to execute a market development plan. Activity costs are shared on a pre-approved, 50/50 basis.

The PEMD refundable contribution ranges from $5,000 to a maximum of $50,000. Preference is given to companies with fewer than 100 employees for a firm in the manufacturing sector and 50 in the service industry, or with annual sales between

$250,000 and $10 million. Other components of the program include international bid preparation (Capital Project Bidding) and, for trade associations, developing international marketing activities for their membership. For additional information visit http://www.infoexport.gc.ca/pemd/menu-e.asp or call 1-888-811-1119.

PRIVATE-SECTOR CUSTOMERS

It is estimated that Chinese consumers spend nearly $300 billion annually on food products. However, there is a significant discrepancy in the ability of consumers to purchase imported products. Younger and higher-income families are the primary consumers of imported foods. These consumers have both the means to purchase and a greater interest in new or unique imported foods. Older consumers, many of whom make purchase decisions based solely on price, have proved to be the most resistant to imported products.

Food expenditures account for the largest share of consumer spending. Although the vast majority of food purchases are made by women, as more women join the work force, an increasing number of men have started shopping for food on a regular basis.

Chinese people usually purchase foreign fruits during special occasions and festivals including Chinese National Day and New Year. Curiosity is another reason for Chinese consumers purchasing and tasting new foreign fruits products.

As levels of disposable income have increased, so have sales of plants and flowers. Chinese consumers are embracing the tradition of giving flowers as gifts during holidays such Lunar New Year and Spring festival. In addition, traditionally Western holidays including Valentine's Day, Mother Day and Christmas, for which flowers are popular gift choices, are becoming popular in China and have increased the demand for flowers. Increased use of flowers at weddings is also becoming common.

Burning paper and the use of joss sticks and firecrackers have traditionally been used at Chinese funerals as symbols of respect. In recent years, however, state governments have been encouraging citizens to purchase funeral flowers in order to cut down on the pollution that traditional burning objects promote. The Qingming Festival, an annual festival that occurs on April 5 and involves the sweeping of ancestors' graves, is a key time for selling flowers.

PUBLIC-SECTOR CUSTOMERS

Despite increased liberalization, the Chinese government is still heavily involved in the retail sector. Typically, the government is involved in state-run shops, in which products are stocked behind counters and handed to customers by the staff. State-owned stores

have begun to lose business with the opening of supermarkets, which offer a wider selection of products at competitive prices. In addition, depending on the product sector, many of the large producers/importers are either partially owned or fully owned state enterprises.

MARKET LOGISTICS

Channels of Distribution

Canadian exporters should note that a decision to enter the Chinese market does not immediately allow access to 1.3 billion potential consumers. There is a significant degree of regional diversity within the country that is reflected through both formal and informal barriers to trade between regions. Typically, domestic producers, agents and distributors tend to focus on selling a product within one region or even within one city with very little national distribution. Therefore, it is recommended that Canadian exporters attempt to establish their product(s) within one of the more affluent port cities, such as Shanghai or Guangzhou, which have a significant share of the population that can afford luxuries such as imported horticultural products. Only after a product is deemed to be successful in one city/region should exporters consider expanding the scope of their exports.

Transportation and Storage

The Chinese distribution system can be a challenge to navigate for new exporters. Although the Chinese government has already begun investing in infrastructure improvements, the transportation system is underdeveloped and sometimes difficult to negotiate. Widespread progress in this area will take years to accomplish. In the meantime, exporters will have to negotiate the existing system as best they can.

Shipping by sea is the easiest and least-expensive mode of transport. Many manufacturing plants are located, or are planned to be built, on the coast or along rivers, in order to take advantage of these natural transportation routes. The special economic zones of Xiamen, Shantou, Shenzhen, Zhuhai and Hainan are all situated along the southeastern coast of China and have full shipping access. Economic and technical development zone ports, with different regulations and economic benefits, are located along the full extent of the eastern seaboard.

China's largest port in Shanghai handles roughly 25% of the country's total port cargo. Although the amount of cargo passing through this port is forecast to triple by 2010, Shanghai, like many of China's ports, faces two geographical problems. First, the depth of its harbour is only seven metres, which is too shallow for many of the world's largest ships. Second, it has significant silt build up, which requires constant dredging. In order

to facilitate the increased flow of goods, the Chinese government is considering linking Shanghai to Ningbo, the country's deepest port, which is located to the south.

Although most ports have a substantial number of storage facilities, they are of poor quality. Most are adequate for general cargo, but companies importing frozen or fresh products should note that cold storage remains a significant problem. Poor storage or a lack of storage facilities often results in fresh or frozen products being left out for hours before being properly stored again. This can lead to a tremendous loss of goods.

In many cases, exporters of chilled or frozen products are limited to supplying coastal cities due to a lack of infrastructure, national refrigeration systems and effective distribution network outside of the main coastal cities and ports. Local government regulations forbid entry of distribution companies to service retailers. As a result, there are no third-party cold storage and distribution service companies with the expertise, experience, storage equipment or technology to alleviate the severe distribution problems and inefficiencies.

Once shipments reach China, rail is the cheapest form of transportation and offers greater access to inland cities than any other mode of transportation. However, 10-12% of all freight is damaged due to mishandling. While domestic goods have priority over imported goods, the addition of trains at fixed times and fixed prices between Beijing, Shanghai and Chengdu has improved service. More routes have also been added to run between major urban centres and inland areas.

Trucking, which is the most efficient and cost-effective distribution option, has benefitted from the recent construction of new road systems linking major cities to surrounding regions. The government has also taken action to reduce the number of highway robberies and illegal toll charges enforced by police impersonators.

When using the Chinese distribution system, exporters should account for lost or stolen items and unexpected fees at points of entry. Loss of product(s), especially perishables, is considered part of doing business in the Chinese market and many agents include a sizeable charge, in addition to their regular fees, to cover unexpected miscellaneous costs.

Retail Outlets

The United States Department of Agriculture (USDA) estimates that imported foods account for less than 5% of food stocks in Chinese hypermarkets and supermarkets. This figure does not include food from multinational companies such as Coca-Cola and Nestle that have set up production operations in China, but imported foods that is produced exclusively in foreign counties. Leading chains are beginning to stock more imported foods not only to distinguish themselves from the competition but to accommodate the growing market for imported goods.

The choice of retailer to which the wholesalers deliver products is vital to the success of the product. Retail outlets in China can be classified into state-owned, collectively owned and privately owned enterprises, including individually owned distribution outlets. State-owned outlets are responsible for most of China's large department stores and account for about 45% of retail outlets, though they carry few imported products. Collectively owned enterprises consist primarily of co-operatives in villages and towns, although there are also a number of shops in large cities that operate under this system. This area of retail distribution accounts for approximately 30% of the national distribution system. The Chinese government frequently exercises a large degree of control or supervision over the actions of these co-operatives. Privately owned enterprises currently account for 25% of Chinese retail outlets, but their market share is predicted to grow at the expense of collectively owned enterprises. This sector includes the developing supermarket and hypermarket industry. Western-style hypermarkets are new to China, but are developing rapidly. They carry the highest percentage of imported and Western-style foods, and provide the best entry point for newly imported products since they are geared toward more affluent Chinese consumers.

The leading hypermarkets include Carrefour (France), Wal-Mart (U.S.), RT-Mart (Taiwan), Metro (Germany), Makro (Holland), Lotus (Thailand), Trust Mart (Taiwan) and Auchan (France). The top supermarket chains, which include Lianhua, Hualian, Nong-gong-shang, Wumart and Suguo, are domestically owned. Hong Kong's Park'N Shop is the leading foreign supermarket.

In-store promotions and sampling are extremely useful ways to generate interest in a product. Many retail outlets allow foreign companies to set up in-store marketing and promotions for a small fee. This type of advertising not only allows consumers to sample products before deciding whether to buy, but it also ensures that consumers are given accurate instructions as to how a product should be prepared.

Flowers and plants are sold in a variety of retail outlets in China.

Table 4. Fresh Flower Sales in China, by Outlet Type, 2000

Outlet	Percentage of Retail Sales
Markets	72.2%
Florists	10.4%
Supermarkets	1.6%
Convenience Stores	0.9%
Other (street stalls)	14.9%
Total	100.0%

Source: *China Contact*. "Fresh Flowers in China: A Market Analysis," 2001.

With 3000 florist shops and 40 flower markets, Shanghai is China's largest flower market. Other important markets include Beijing, with 1000 flower shops and stalls, and Guangdong. Florist shops in these areas generally purchase their stock at flower markets. Most flowers sold in supermarkets and convenience stores are sold in small arrangements or prepackaged bouquets.

Direct Sales

Until recently, foreign companies were not permitted to directly engage in trade with Chinese retail outlets other than through direct marketing of goods that had been manufactured in China. One of the few exceptions to this rule was for stores that were partially financed by foreign investment. These outlets were able to import products directly. Although the recently signed bilateral trade agreements with other WTO countries now allow the direct importation of certain products it is widely believed that many foreign exporters will continue to gain access to the local market through the services of local agents who have both the experience and the contacts to make the exporting process as smooth as possible.

Distributors and Wholesalers

State/private wholesalers handle the majority of distribution in China. They are often the result of decentralization of state companies becoming regional private-sector companies with good government contacts to facilitate customs clearance and minimize bureaucracy. Although they are limited in geographic area served, they are generally more knowledgeable about regional markets. Prices are often competitive however product damage through poor handling can occur.

Foreign wholesalers offer wider national or multi-regional service in China, in addition to a more modern range of distribution services. Distribution networks through foreign wholesalers are often extensive, and the exit cost is lower for the manufacturer if it needs to pull out of the market. However, foreign wholesalers are more expensive than domestic distributors, resulting in higher retail prices for the consumer.

Many established trading companies and distributors have exclusive agreements with their suppliers, which do not allow the distributor to represent a competitor. However, approaching distributors that handle complementary products can lead to distribution contracts that will sell products through many of the same routes. If this kind of arrangement can be established, it could result in good cost and distribution advantages. Forming equity or contractual joint ventures can be advantageous to companies that plan to enter the rapidly developing Chinese agricultural market. This is particularly true for companies whose products are expensive to ship. It is less expensive to distribute through existing networks rather than to establish new networks.

Agents and Sales Representatives

Exporters are advised to use a domestic agent when operating in the Chinese market. In addition to offering exporters a physical presence in the local market, these agents and sales representatives can provide vital links to distributors, wholesalers and retail outlets. In essence, employing a reliable agent often involves taking on a variety of other partners including truckers, customs brokers and other agents. If a company wishes to either establish its own distribution network or use another company's privately operated network, agents can assist in making contacts.

An exporter must weigh a number of factors when selecting an agent, such as which region(s) the agent covers, the individual's reputation, product knowledge, experience in handling the exported product, the commission to be paid, what (if any) after-sales service is provided, and the size and quality of the agent's staff. These attributes can best be assessed during a visit to China, during which time manufacturers should also make sure that responsibilities are clearly defined before entering into a business relationship. As a new exporter becomes more accustomed to the market and expands its knowledge of the market, less dependence upon the agent will be required.

Market-entry Considerations

Suggested Business Practices

Establishing a personal relationship with Chinese business associates is an important step in successfully entering the Chinese market. In many cases, trust between business parties is as significant, if not more important, than contractual agreements. Sharing information on personal interests as well as showing an interest in your business associates can quickly strengthen business ties. Once established, maintaining solid relationships will depend on frequent face-to-face meetings with Chinese counterparts, as well as a long-term commitment to the market.

Making potential business associates feel comfortable will also strengthen business relationships. For example, providing literature and business cards in both Chinese and English, as well as learning a few words of Chinese, is appreciated by Chinese businesses. In addition, the effort of obtaining translations will be interpreted as an indication of your commitment to doing business with the Chinese company. The use of interpreters is strongly recommended for business meetings. Interpreters allow Chinese business associates—even those who speak English—to feel more relaxed, and perhaps enables the Canadian exporter to provide more details than they could while speaking English. Interpreters should be briefed about the companies involved, specific products, and the objectives of the meeting. Following the meeting, interpreters should provide a debriefing about the tone and any private verbal and/or non-verbal exchanges that may have taken place among the Chinese business associates.

Participation in some of China's many specialized trade shows and exhibitions is an excellent method for potential exporters to both assess the market and make contacts. Due to the extensive preparatory requirements of these events, combined with the need to communicate in Chinese, it is recommended that Canadian exporters select an agent or distributor before attending the show. This is usually a prerequisite to effective participation and provides support to the agent's or distributor's work in effectively representing and profiling the exporter's product. However, with or without an agent or distributor, participation may enable exporters to benefit from the following:

- local pricing information;
- information about competing products;
- a chance to measure consumer acceptance of a product;
- product exposure in the Chinese market; and
- an opportunity to find an importer or distributor.

While China does present tremendous opportunities, it has a highly complex business and cultural environment. Doing business in China can be daunting even to the most seasoned exporters. To assist in meeting this challenge, the China and Mongolia Division of the Department of Foreign Affairs and International Trade has developed a guide that includes essential information on how to tackle the Chinese market. *China: Roadmap for Business* can be viewed on line at http://www.dfait-maeci.gc.ca/china/business/China-e.asp.

Import Regulations

By joining the WTO on December 11, 2001, China made commitments in two broad areas: the liberalization of access for imported goods and services; and acceptance of the WTO's internationally negotiated agreements on the regulation and administration of international trade, including the fundamental principles of most-favoured-nation treatment and national treatment. These include tariff concessions, as well as commitments to apply WTO rules relating to subsidies, standards, intellectual property, import licensing, trade-related investment measures and sanitary and phytosanitary measures. China is also bounded by fundamental WTO principles that require the country to strengthen commercial legal procedures and improve transparency.

As set out in the "Schedule of Concessions and Commitments on Goods," China has committed to make substantial tariff cuts in industrial and agricultural products. These reductions began on the date of accession and will continue on January 1 of each year. Tariffs on fruits and vegetables will be progressively lowered by 2004. Tariffs on apples will be reduced from 30% to 10%. Tariffs on other fruit will fall from an average of 40% to 13% to 10%. Tariffs on most vegetables are scheduled to shrink from an average of 13% to 10% by 2004, while tariffs on frozen french fries will drop from 25% to 13%. Duties on imported flowers will be decreased from 20% to 14%. In addition, China has negotiated a number of tariff rate concessions in its bilateral WTO agreements with

member countries. All agricultural products are still subject to a value-added tax (VAT), which ranges from 13% for fresh or unprocessed goods to 17% for frozen and processed foods.

For complete details on China's WTO accession, refer to the Trade Negotiations and Agreements section of the Department of Foreign Affairs and International Trade Web site at http://www.dfait-maeci.gc.ca/tna-nac/China-overview-e.asp.

In addition to tariffs and the VAT, imported foods may also be subject to other taxes. Businesses selling goods into China often complain about China's customs valuation practices, as different ports of entry may charge different duty rates on the same products. Because there is flexibility at the local level in deciding whether to charge the official rate, actual customs duties are often the result of negotiations between business people and Chinese customs officers.

Non-tariff barriers are administered at national and sub-national levels by the State Economic and Trade Commission, the State Development Planning Commission and the Ministry of Foreign Trade and Economic Co-operation (MOFTEC). These non-tariff barriers include licences, quotas and other import controls.

The level of imports permitted under these measures was determined through complex negotiations between the central government, the provinces and Chinese ministries. MOFTEC uses import licences to exercise an additional nation-wide system of control over some imports. Many products are subject to both quotas and restrictions on top of import-licensing requirements. For these products, MOFTEC must decide whether to issue a licence after permission has been granted by other designated agencies for importation. MOFTEC officials claim that import licences are issued automatically once other agencies have approved an import.

In an attempt to speed up customs clearance procedures, the Chinese government recently merged a number of its inspection agencies into one bureau. The China Animal and Plant Quarantine Bureau, the State Administration for Commodity Inspection and the Health Inspection Bureau have been merged to form the State Administration for Quality Supervision and Inspection and Quarantine (AQSIQ) (formerly known as the State Administration for Entry and Exit Inspection and Quarantine). The AQSIQ is responsible for inspecting all imported foods and beverages for the following:

- sanitation and health;
- quality;
- quantity;
- weight; and
- labelling.

Importers or distributors should apply to the AQSIQ to get labelling approved before shipments arrive in China. This will help to keep border delays to a minimum.

The Canadian Food Inspection Agency (CFIA) has reached agreements with China's State Administration for Entry-Exit Inspection and Quarantine about Chinese sanitary and phytosanitary measures rules affecting Canadian exports of seed potatoes. This protocol is updated periodically to ensure they meet Canadian and Chinese requirements. This agreement is detailed on the CFIA Web site. The Web site also provides detailed information on exporting Canadian produce to China at http://www.inspection.gc.ca/english/plaveg/fresh/cdnreqe.shtml.

Exporters of wild flora are advised to consult the Convention on International Trade in Endangered Species of Wild Fauna and Flora Web site (http://www.cites.org) for information on international agreements on the trade of plants.

Local Standards, Certificates or Registrations

The Food Hygiene Law regulates all domestic and imported food production and operations within China. The Law also governs areas such as additives, containers, packing materials, instruments, equipment, places of production, and detergents and disinfectants used in association with food products. Canadian exporters should review this law, prior to shipping, with their Chinese agent(s) to ensure that imported goods conform to all regulations. Goods must be inspected at entry ports prior to customs clearance.

Other mandatory certificates include hygiene certificates from local governments of the states in which the food product is sold. Additionally, health certificates are necessary for functional or health foods. Finally, product containing GMOs must be properly labelled and certified. Chinese partners or distributors are required to provide the necessary certification.

All products exported to China must be accompanied by a set of shipping documents. All essential documentation should be thoroughly checked to ensure that it is correctly prepared and arrives with the shipment. All documents should be completed in both English and Chinese in order to avoid any unnecessary delay.

Export Credit Risks, Restrictions on Letters of Credit, Currency Controls

One of the greatest risks to Canadian exporters involves the receipt of payment. Conditions of payment should be clearly outlined and mutually agreed upon by both the Canadian exporter and the Chinese business associate before any products are shipped.

Generally, the three methods of payment used by exporters to China are:

- payment upon receipt of shipment;
- delay of payment (payment is made after a set number of days, e.g. 30 or 60 days); or
- consignment.

Consignment is widely used by exporters who are entering the Chinese market for the first time. Consignment essentially allows Chinese retailers to attempt to sell a new product to consumers without a finalized agreement with the foreign supplier. By using this method of payment, Canadian exporters and their Chinese counterparts can assess whether or not a product has been accepted by consumers (after an agreed-upon period of time), after which details to complete the transaction can be arranged.

Payment for products that must be sold relatively quickly after their arrival, such as fresh produce, is usually made before the product is shipped. Cash, wire transfer or letters of credit are all common forms of payment for this type of product. Wire transfers, which are only used for transactions that are low in both value and volume, are inexpensive and easy to arrange through the Bank of China. A letter of credit, on the other hand, can be expensive and may take several weeks to process. However, this form of payment is recommended as it guarantees Canadian exporters that they will be paid within a set period of time. Letters of credit account for almost 80% of all export financing and payment transactions to China.

Canadian exporters are advised to contact EDC, which offers insurance programs to protect Canadian exporters against non-payment by Chinese buyers.

PROMOTIONAL EVENTS

Event/Description	Organizer
Hortiflorexpo China 2003 April 2003 China National Agricultural Exhibition Center Beijing, China This trade show specializes in floriculture, horticulture, and related equipment and supplies.	**China Flower Association** 25 District 7 Hepingli, Dongchen District Beijing, China Tel.: (86-10) 6422-4754 Fax: (86-10) 6422-8751
HOFEX 2003– Food and Drink May 6-9, 2003 (Biennial) Hong Kong Convention and Exhibition Centre The 10th Asian international exhibition of hospitality equipment, supplies and technology, food and drink.	Hong Kong Exhibition Services Ltd. Unit 2010, 20/F, China Resources Building, 26 Harbour Rd. Wanchai, Hong Kong Tel.: (852) 2804-1500 Fax: (852) 2528-3103 E-mail: exhibit@hkesmontnet.com.hk Internet: http://www.hofex.com
SIAL China 2003 May 2003 (Annual) Shanghai Everbright Exhibition Centre Shanghai, China A wide variety of foods on display, both commodities and value-added products.	Exposium 1 Rue du Parc F-92593, Levallois-Perret Cedex, France Tel.: (33-01) 4968-5422 Fax: (33-01) 4968-5411 E-mail: acapdevielle@exposium.fr Internet: http://www.sialchina.com
Food and Hotel South China 2004 June 2004 (Biennial) China Foreign Trade Centre Guangzhou, China An annual show for professional buyers only. A wide variety of food and beverage products on display. The Canadian Consulate General in Guangzhou organizes a Canadian information booth for this event.	Hong Kong Exhibition Services Ltd. Unit 2010, 20/F, China Resources Building 26 Harbour Rd. Wanchai, Hong Kong Tel.: (852) 2804-1500 Fax: (852) 2528-3103 E-mail: exhibit@hkesmontnet.com.hk Internet: http://www.fhc-sc.com/fhcgz
Chinafood 2003 August 2003 (Annual) INTEX Shanghai & Shanghai Mart Shanghai, China Foods and beverages, services and equipment related to food processing and services.	Royal Dutch Jaarbeurs China & Keylong Exhibitions Services Co., Ltd. Tel.: (86-21) 5289-6770 Fax: (86-21) 5289-6090 Email: chinafood@keylong.com

FHC (Food Hotel China) 2003 September 2003 (Biannual) Shanghai Everbright Exhibition Centre Shanghai, China	Overseas Exhibition Services Ltd. 11 Manchester Square London, UK W1U 2PL Tel.: (44-0-20) 7862-2111 Fax: (44-0-20) 7862-2118 E-mail: hwynd@montnet.com Internet: http://www.fhcchina.com
Foodex China September 2003 (Annual) China International Exhibition Centre Beijing, China Food, food processing, packaging, laboratory equipment, beverage and brewery supplies and equipment.	Union Fair and Trade Co. Ltd. Flat A&B, 2/F Haoling Mansion 122-130 SieYou XinMa Lu Guangzhou, 510600 China Tel.: (86-20) 8736-1889 Fax: (86-20) 8736-1350
Fourth Fruit/Vegetable Exposition October 2003 (Annual) Yantai International Convention & Exhibition Center of China	China (Yantai) Asia-Pacific World Trade Center Qili Mansion, 80 Chaoyang St. Yantai, Shandong Province 264001 P.R.China Tel.: (86-535) 628-0001/2, 661-1991 Fax: (86-535) 628-0003 E-mail: apec-cn@public.ytptt.sd.cn Internet: http://www.apec-china.gov.cn/en/index.htm
Interfood Shanghai October 2004 (Biennial) Shanghai International Convention Centre Shanghai, China Food and beverages, processing machinery and equipment.	Shanghai International Exhibition Corporation 4th Floor Building No. 1, Jinling Mansions 28 Jingling Xi Rd. Shanghai, 200021 China Tel.: (86-21) 6387-2828 Fax: (86-21) 6512-4191 E-mail: siecb@public1.sta.net.cn

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19 Dongzhimenwai Dajie
Chaoyang District
Beijing, 100600 China
Tel.: (86-10) 6532-3536
Fax: (86-10) 6532-4072
Contact: Gordon Parsons, Counsellor (Commercial)
E-mail: gordon.parsons@dfait-maeci.gc.ca
Internet: http://www.canada.org.cn

Canadian Consulate General in Guangzhou
Suite 801, China Hotel Office Tower
Liu Hua Lu
Guangzhou, 510015 China
Tel.: (86-20) 8666-0569
Fax: (86-20) 8667-2401
Contact: Minster Li, Commercial Officer
E-mail: minster.li@dfait-maeci.gc.ca
Internet: http://www.canada.org.cn

Canadian Consulate General in Shanghai
Tower 4, Suite 604
Shanghai Centre
1376 Nanjing Xi Lu
Shanghai, 200040 China
Tel.: (86-21) 6279-8400
Fax: (86-21) 6279-8401
Contact: Henry Deng, Senior Commercial Officer
E-mail: henry.deng@dfait-maeci.gc.ca
Internet: http://www.canada.org.cn

Canadian Consulate in Chongqing
Suite 1705, Metropolitan Tower
Wu Yi Lu, Yu Zhong District
Chongqing, 400010 China
Tel.: (86-23) 6373-8007
Fax: (86-23) 6373-8026
Contact: Dorothy Hu, Commercial Assistant
E-mail: dorothy.hu@dfait-maeci.gc.ca
Internet: http://www.canada.org.cn

Agriculture and Agri-Food Canada
Agri-Food Trade Service
930 Carling Ave. 10th Floor
Ottawa, ON K1A 0C5
Tel.: (613) 759-7637
Fax: (613) 759-7506
Contact: Jane Morisset, International Market Development Officer
E-mail: morissetj@em.agr.ca
Internet: http://ats.agr.ca

Canadian Commercial Corporation (CCC)
Metropolitan Centre
50 O'Connor St., 11th Floor
Ottawa, ON K1A 0S6
Tel.: 1-800-748-8191 or (613) 996-0034
Fax: (613) 995-2121
E-mail: info@ccc.ca
Internet: http://www.ccc.ca

Canadian Food Inspection Agency (CFIA)
59 Camelot Dr.
Nepean, ON K1A 0Y9
Tel.: (613) 225-2342
Fax: (613) 228-6653
E-mail: cfiamaster@em.agr.ca
Internet: http://www.inspection.gc.ca

Horticulture Section
Internet:
http://www.inspection.gc.ca/english/plaveg/hort/horte.shtml

Department of Foreign Affairs and International Trade (DFAIT)
125 Sussex Dr.
Ottawa, ON K1A 0G2
Internet: http://www.dfait-maeci.gc.ca

China and Mongolia Division (PCM)
Contact: Brandon Geithner, Trade Commissioner
Tel.: (613) 996-7256
Fax: (613) 943-1068
E-mail: brandon.geithner@dfait-maeci.gc.ca

Market Support Division (TCM)
Tel.: (613) 944-0018
Fax: (613) 943-8820
E-mail: tcm@dfait-maeci.gc.ca
Internet: http://www.infoexport.gc.ca

Environment Canada
Convention on International Trade in Endangered Species of Wild Fauna and Flora
Tel.: 1-800-668-6767 or (819) 997-1840
Fax: (819) 953-6283
E-mail: cites@ec.gc.ca
Internet:
http://www.cites.ec.gc.ca/cites/html/eng/sct0/index_e.htm

Export Development Canada (EDC)
151 O'Connor St.
Ottawa, ON K1A 1K3
Tel.: 1-800-850-9626 or (613) 598-2500
Fax: (613) 598-6697
E-mail: export@edc4.edc.ca
Internet: http://www.edc.ca

Agriculture and Agri-Food Canada–Regional Trade Contacts

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Lorrie McFadden
Edmonton, Alta.
Tel.: (780) 495-2119
E-mail: mcfaddenl@em.agr.ca

International Trade Centres

For export counselling or publications for Canadian exporters, contact a local International Trade Centre at 1-888-811-1119.

Canadian Industry Associations

Atlantic Canada Export Club
24 Pictou Rd.
Truro, NS B2N 2R8
Tel.: (902) 893-7539
Fax: (902) 893-7041
E-mail: atlcanadaexport@ns.sympatico.ca
Internet: http://www.atlcanadaexport.ca

Canada China Business Council (CCBC)
180 Dundas St. W, Suite 1502
Toronto, ON M5G 1Z8
Tel.: (416) 954-3800
Fax: (416) 954-3806
E-mail: ccbc@ccbc.com
Internet: http://www.ccbc.com

Canadian Food Exporters Association
885 Don Mills Rd., Suite 301
Don Mills, ON M3C 1V9
Tel.: 1-888-227-8848 or (416) 445-3747
Fax: (416) 510-8044
E-mail: info@cfea.com
Internet: http://www.cfea.com

Canadian Horticultural Council
Suite 310, 1101 Prince of Wales Dr.
Ottawa, ON K2C 3W7
Tel.: (613) 226-4187
Fax: (613) 226-2984
E-mail: webmaster@hortcouncil.ca
Internet: http://www.hortcouncil.ca/chcmain.htm

Canadian Manufacturers and Exporters Association (CME)
National Office
1 Nicholas St., Suite 1500
Ottawa, ON K1N 7B7
Tel.: (613) 238-8888
Fax: (613) 563-9218
Internet: http://www.cme-mec.ca

Canadian Nursery Landscape Association
R.R. #4, Stn. Main, 7856 Fifth St.
Milton, ON L9T 2X8
Tel.: 1-(888) 446-3499 or (905) 875-1399
Fax: (905) 875-1840
E-mail: cntalc@spectranet.ca
Internet: http://www.cpma.ca

Canadian Organic Growers
PO Box 6408, Stn. J
Ottawa, ON K2A 3Y6
Tel.: 1-877-677-6055 (toll free) or (613) 767-0796
Fax: (613) 757-1291
E-mail: pbenner@webhart.net
Internet: http://www.cog.ca

Canadian Produce Marketing Association
Suite 310, 1101 Prince of Wales Dr.
Ottawa, ON K2C 3W7
Tel.: (613) 226-4187
Fax: (613) 226-2984
E-mail: question@cpma.ca
Internet: http://www.cpma.ca

Food Beverage Canada
17311-103rd Ave., Suite 201
Edmonton, AB T5S 1J4
Tel.: 1-800-493-9767 or (780) 486-9679
Fax: (780) 484-0985
Internet: http://www.foodbeveragecanada.com

Food Institute of Canada (FIC)
1600 Scott St., Suite 415
Ottawa, ON K1Y 4N7
Tel.: (613) 722-1000
Fax: (613) 722-1404
Internet: http://foodnet.fic.ca

Quebec Agri-Food Export Club
668 Montée Montarville
St. Bruno, QC J3V 6B1
Tel.: (450) 461-6266
Fax: (450) 461-6255
E-mail: clubexport@clubexport.ca
Internet: http://www.clubexport.ca/exporte.htm

Wild Blueberry Association of North America
59 Cottage St.
PO Box 180
Bar Harbour, Maine 04609
Tel.: 1-800-233-9453 or (207) 288-2655
Fax: (207) 288-2656

Canadian Office:
PO Box 2439
Springhill, NS B0M 1X0
Internet: http://www.wildblueberries.com

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Chinese Embassy in Canada
515 St. Patrick St.
Ottawa, ON K1N 5H3
Tel.: (613) 789-3434
Fax: (613) 789-1911
Internet: http://www.chinaembassycanada.org

China Customs Authority
Customs General Administration of the People's Republic of China
Avenue Jian-Guo-Men Nei, 6
Beijing, 100730 China
Tel.: (86-10) 6519-4114
Fax: (86-10) 6519-4004

General Administration of Customs
Avenue Jian-Guo-Men Nei, 6
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Internet: http://www.customs.gov.cn (In Chinese)

Guangzhou Agricultural Trade Office
China Hotel Office Tower
14th Floor, Room 1259
Lin Hua Rd.
Guangzhou, 510015 China
Tel.: (86-20) 8667-7553
Fax: (86-20) 8666-0703

Guangzhou Customs Administration
2 Fifth Rd.
Shamian
Guangzhou, 510130 China
Tel.: (86-20) 8888-2738
E-mail: ato@gitic.co.cn

Ministry of Agriculture
Department of International Co-operation
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Fax: (86-10) 6419-2466 or -2451
E-mail: chenzhixin@agri.gov.cn
Internet: http://www.agri.gov.cn/english/index.htm

Ministry of Foreign Trade and International Co-operation
No.2 Dong Chang'an Ave.
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Fax: (86-10) 6519-8039
E-mail: moftec@moftec.gov.cn
Internet:
http://www.moftec.gov.cn/moftec_en/index.html

Shanghai Customs of The People's Republic of China
13 Zhongshan Rd. (E.) 1
Shanghai, 200002 China
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Fax: (86-21) 6323-2102
Internet: http://www.customs.gov.cn

Shanghai Import and Export Commodity Inspection
13 Zhongshan Rd. (E.) 1
Shanghai, 200002 China
Tel.: (86-21) 6321-5135 ext. 102
Fax: (86-21) 6325-5134

Chinese Industry Associations

China Council for the Promotion of International Trade (CCPIT)
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Fax: (86-10) 6801-1370
E-mail: ccpitweb@public.bta.net.cn
Internet: http://www.ccpit.org

China Flower Association
25 District 7
Hepingli, Dongchen District
Beijing, PR China
Tel.: (86-10)6422-4754
Fax: (86-10)6422-8751

China Food Industry Association
No. 5 Guan'anmenwai Taipingqiao Dongli
Beijing, 100073 China
Tel.: (86-10) 6327-3055
Fax: (86-10) 6327-3055
Internet: http://www.cfiin.com.cn

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Agriculture and Agri-Food Canada, Organic Agriculture: **http://ats.agr.ca/news/organics-e.htm**

Agriculture Canada Agri-Food Trade Service: **http://ats.agr.ca**

Canada Business Service Centres: **http://www.cbsc.org**

Canadian Food Trade Alliance: **http://www.cfta.ca**

Canadian Offices in China: **http://www.canada.org.cn**

China–Overview of Cities and Provinces: **http://www.tdctrade.com/mktprof/china.htm**

China Ministry of Foreign Trade and Economic Co-operation: **http://www.moftec.gov.cn**

China Perspectives: **http://www.dfait-maeci.gc.ca/china**

Chinese Economic and Commercial Counselor's Office: **http://www.chinacommercial.org**

Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES): **http://www.cites.org**

Department of Foreign Affairs and International Trade: **http://www.dfait-maeci.gc.ca**

Embassy of the People's Republic of China in Canada: **http://www.chinaembassycanada.org**

ExportSource: **http://exportsource.ca**

Express China News: **http://www.deloitte.ca/en/pubs/ExpressChina/default.asp**

FarmChina.com: **http://www.farmchina.com**

InfoExport: **http://www.infoexport.gc.ca**

InfoHort: **http://www.agr.gc.ca/misb/infohort/infohort_e.html**

United States Department of Agriculture, Horticultural and Tropical Product Division: **http://www.fas.usda.gov/htp**

READER EVALUATION

click here to complete online

Please help the Market Research Centre to produce market reports that meet your information needs by completing this evaluation form and returning it by fax to (613) 943-1103. Thank you for your valuable input.

1. How did you obtain a copy of this market report?
   - ☐ InfoCentre FaxLink system
   - ☐ InfoCentre help line
   - ☐ Local government office
   - ☐ Government Internet site
   - ☐ Other: _____

2. How would you describe this market report?

	Strongly agree	Agree	No opinion	Disagree	Strongly disagree
Useful	☐	☐	☐	☐	☐
Complete	☐	☐	☐	☐	☐
Well organized	☐	☐	☐	☐	☐
Well written	☐	☐	☐	☐	☐
Ideal length	☐	☐	☐	☐	☐

3. In what form do you prefer to obtain these reports?
   - ☐ Print
   - ☐ Electronic

4. Based on the information in this report, what specific action(s) does your organization plan to take in this market? Check all that apply.
   - ☐ Seek an agent/distributor
   - ☐ Visit the market
   - ☐ Do more research
   - ☐ Other: _____
   - ☐ Contact Canadian trade office abroad
   - ☐ Participate in a trade show abroad
   - ☐ Nothing

5. What other market reports would be of benefit to your organization? Please identify specific products and countries. _____

6. Which of the following categories best describes your organization? Check one only.
   - ☐ Processor/manufacturer
   - ☐ Trading house
   - ☐ Export service provider
   - ☐ Industry/trade association
   - ☐ Government
   - ☐ Student/academia
   - ☐ Consultant
   - ☐ Other: _____

7. What were your organization's total sales last year, in Canadian dollars?
   - ☐ Less than $10 million
   - ☐ More than $50 million
   - ☐ $10 million to $50 million
   - ☐ Not applicable

Additional comments/suggestions for improvement: _____

OPTIONAL — The name of your organization is: _____